

# National Training for Counselors and Mentors



Funding Education  
Beyond High School

Academic Year  
2017–2018



# Overview of Financial Aid Programs



# Financial Aid

**MONEY FROM A SOURCE OTHER THAN  
THE FAMILY TO ASSIST WITH THE COST  
OF ATTENDING COLLEGE**



# Cost of Attendance (COA)

- Direct costs
- Indirect costs
- COA varies widely from college to college



# Expected Family Contribution (EFC)

- An index used to calculate eligibility for aid
- Stays the same regardless of college
- Two components
  - Parent contribution
  - Student contribution
- Calculated using FAFSA data and a formula specified by law



# Financial Need

Cost of Attendance (COA)

– Expected Family Contribution (EFC)

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= Financial Need



# Categories of Aid

- Need-based aid
- Merit-based aid



# Types of Aid

- Grants
- Scholarships
- Loans
- Work-Study





# Sources of Aid

- Federal government
- States
- Colleges
- Additional sources



# Financial Aid Programs: Grants

- Federal Pell Grant
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Iraq and Afghanistan Service Grant



# Federal Pell Grant

The Federal Pell Grant Program provides need-based grants to low-income undergraduate students.

Grant amounts depend on the student's:

- Expected Family Contribution (EFC)
- Enrollment status (full or part-time)
- Attendance status (full academic year or less)
- Pell Grant maximum award per academic year:

\$5,815 (2016-2017)

\* Maximum award may be subject to change pending legislative budgetary adjustments



# FSEOG

The Federal Supplemental Educational Opportunity Grant (FSEOG) Program provides need-based grants to low-income undergraduate students (campus-based aid).

## **Grant recipients must be:**

- Pell Grant-eligible
- Current award amounts are from \$100- \$4,000
- Not all colleges participate in the FSEOG program and funds depend on availability at the college



# TEACH Grant

The Teacher Education Assistance for College and Higher Education Grant Program (TEACH) provides assistance to students who intend to teach in a public or private elementary or secondary school that serves students from low-income families.

## **Grant recipients must be:**

- Enrolled in an institution that participates in the TEACH Grant Program
- Enrolled in coursework geared towards a career in the field of teaching
- Able to demonstrate certain academic achievements



# TEACH Grant (Cont'd)

## The Teach Grant:

- Is not based on financial need
- Available to both undergraduate and graduate students
- Provides the following maximum award  
\$4,000 (2016-2017)

**TEACH Grant** recipients must sign an '**Agreement to Serve**' which states that the student will:

- Teach at least four years in a public or private elementary or secondary school
- Teach full-time in a high-need field
- Teach in a school that serves students from low-income families
- If the teaching obligation is not completed, the TEACH Grant **must be repaid** as a Direct Unsubsidized Stafford Loan

Note: Due to sequestration, award amounts for any TEACH Grant that is first disbursed on or after Oct. 1, 2015, and before Oct. 1, 2016, must be reduced by 6.8 percent from the award amount for which a recipient would otherwise have been entitled. Any TEACH Grant that is first disbursed on or after Oct. 1, 2016, and before Oct. 1, 2017, must be reduced by 6.9 percent. For more information click here: <https://studentaid.ed.gov/sa/about/announcements/sequestration>



# Iraq/Afghanistan Service Grant

Students whose parent or guardian died as a result of military service in Iraq or Afghanistan after September 11, 2001, may be eligible for additional Title IV aid.

## **Additional Student Eligibility Requirements:**

- Less than 24 years old
- Enrolled in college at least part-time at the time of the parent's or guardian's death
- The award is equal to the amount of a maximum Federal Pell Grant for the award year (\$5,815) but cannot exceed cost of attendance for that award year.

Note: Due to sequestration, award amounts for any Iraq and Afghanistan Service Grant that is first disbursed on or after Oct. 1, 2015, and before Oct. 1, 2016, must be reduced by 6.8 percent from the award amount for which a recipient would otherwise have been entitled. Any Iraq and Afghanistan Service Grant that is first disbursed on or after Oct. 1, 2016, and before Oct. 1, 2017, must be reduced by 6.9 percent. For more information click here: <https://studentaid.ed.gov/sa/about/announcements/sequestration>



# Federal Financial Aid Programs

## Campus-Based Programs

- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study (FWS)
- Federal Perkins Loan





# Federal Financial Aid Programs

## Work-Study

Provides part-time jobs for **undergraduate** and **graduate students** with financial need, allowing them to earn money to help pay education expenses

- Eligible employers (On-campus or off-campus employment)
  - Schools
  - Federal, state or local public agency
  - Private nonprofit organization
  - Community service activities
- Students are paid at least federal minimum wage
- Not all colleges participate in the Federal Work-study program and funding depends on availability at the college



# Federal Perkins Loans

## Federal Perkins Loan

- Your college is the lender
- Payment is owed to the college that made the loan
- Interest charged on this loan is 5%
- Funds depend on financial need and availability at the college
- Not all colleges participate in the Federal Perkins Loan program
- Undergraduate students – up to \$5,500 a year
- Graduate and professional degree students – up to \$8,000

Note: There was an extension of the Federal Perkins Loan Program by the Federal Perkins Loan Program Extension Act of 2015. For more information go to Dear Colleague letter (GEN-16-05) found here: <https://ifap.ed.gov/dpcletters/GEN1605.html>



# Federal Financial Aid Programs: Loans

- Direct Stafford Subsidized
- Direct Stafford Unsubsidized
- Direct PLUS (Parent)
- Direct PLUS (Graduate/Professional)



# Direct Stafford Loans

## Subsidized Loans

- Government **PAYS** the borrowers accrued interest while you are attending college and other eligible periods
- **Based on Financial Need**
- Fixed Rate
- Undergraduate students
- Amount: **\$3,500-\$8,000**

## Unsubsidized Loans

- The borrower is responsible for the interest for the life of the loan
- **NOT based on Financial Need**
- Fixed Rate
- Undergraduate and graduate students qualify
- Amount: **\$5,500-\$20,500**



# Direct Parent/Grad Plus Loan

PLUS loans originate through the William D. Ford Federal Direct Loan Program (Direct Loans).

- **Loan characteristics:**
  - For parents of dependent students
  - Borrowers may receive loan amounts up to, but not exceeding the college's 'Cost of Attendance'
  - Borrower is responsible for all the interest
  - Borrower must not have a negative credit history



# Federal Loan Programs

(for loans first disbursed on or after 7/1/16 and before 7/1/17)

Loan Type	Interest Rates (First Disbursed between July 1, 2016 and June 30, 2017)	Repayment
Federal Perkins Loan	5% Fixed	9 months after school
Federal Stafford/ Direct Loan Undergraduate	<u>Subsidized</u> 3.76% Fixed <u>Unsubsidized</u> 3.76% Fixed	6 months after school
Federal Direct Graduate Loans	<u>Unsubsidized</u> 5.31% Fixed	May be deferred until 6 months student drop ½ time or 60 days after loan is fully disbursed
Federal Direct PLUS Loan	6.31% Fixed	May be deferred until 6 months student drop ½ time or 60 days after loan is fully disbursed



# Other Federal Aid Programs

- Corporation for National and Community Service
- U.S. Department of Veterans Affairs
- Reserve Officers Training Corps (ROTC)



# Other Federal Aid Programs

- Bureau of Indian Affairs (BIA) Grants
- Vocational rehabilitation benefits
- U.S. Department of Health and Human Services (HHS)





# Other Sources of Aid

- Institutional or private tuition plans
- Other family resources
- Home equity loans
- Private/alternative loans
- Tuition savings plans (529 plans)
- Employer-sponsored tuition plans



# Questions/Discussion



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